

## **BILL ANALYSIS**

Senate Research Center  
76R7677 DWS-D

S.B. 1246  
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Economic Development  
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As Filed

### **DIGEST**

Currently, Article 9026, V.T.C.S. regarding automobile rental agreements, regulates private passenger automobile rental agreements by prohibiting rental companies from imposing certain liabilities on persons who rent automobiles, subject to certain state exceptions. For example, a rental company is prohibited from offering for sale a loss damage waiver under which the rental company agrees to limit the amount of the renter's liability to the rental company unless the renter agrees to the loss damage waiver in writing at the time the rental agreement is executed. A "loss damage waiver" is statutorily defined as a rental car company's agreement not to hold a renter liable for all or any portion of damage or loss related to the rented vehicle, or any storage, impound, towing, or administrative charges; car rental companies offer loss damage waivers as an optional service. Some consumers believe a waiver is insurance because loss damage waivers limit the liability for damages caused to a rental car. Article 9026 protects consumers who decide to purchase waivers by requiring a rental car agreement to conspicuously state that the purchase of a loss damage waiver is not mandatory and that the loss damage waiver is not insurance coverage. S.B. 1246 would require a rental company to provide each renter who purchases a damage waiver that is not included in the base rental rate a certain disclosure notice, and prohibits a rental car company from selling a damage waiver unless the renter agrees to the damage waiver in writing at or before the time the rental agreement is executed. S.B. 1246 also repeals Article 9026, V.T.C.S.

### **PURPOSE**

As proposed, S.B. 1246 sets forth provisions regarding rental car damage waivers and provides a penalty.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 20, Title 132, V.T.C.S., by adding Article 9026c, as follows:

#### **Art. 9026c. RENTAL CAR DAMAGE WAIVER**

Sec. 1. DEFINITIONS. Defines "rental company," "renter," "rental agreement," "damage," "private passenger vehicle," "authorized driver," and "damage waiver."

Sec. 2. PROHIBITED PRACTICES. Prohibits a rental car company from selling a damage waiver unless the renter agrees to the damage waiver in writing at or before the time the rental agreement is executed. Prohibits a rental company from voiding a damage waiver except for certain reasons.

Sec. 3. DISCLOSURE NOTICE REQUIREMENTS. Requires a rental company to provide each renter who purchases a damage waiver that is not included in the base rental rate a certain disclosure notice, which must be in at least 10-point type. Sets forth the disclosure notice.

Sec. 4. MANDATORY CHARGES. Defines "mandatory charge." Sets forth what must be fully disclosed in a mandatory charge and prominently displayed for a rental agreement containing a mandatory charge. Prohibits a rental company from imposing or requiring the purchase of a damage waiver as a mandatory charge.

Sec. 5. PENALTY. Provides that a rental company that violates this article is subject to a civil

penalty in an amount of at least \$500 and not to exceed \$1,000 for each act of violation. Authorizes a county or district attorney, or the attorney general to institute and conduct a suit in the name of the state to recover the civil penalty, injunctive relief, or both the civil penalty and injunctive relief. Authorizes any person or entity injured or threatened with injury by a violation of this article to seek injunctive relief against any company or person who violates or threatens to violate this article.

SECTION 2. Repealer: Article 9026, V.T.C.S. (Automobile rental agreements).

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 1999.

SECTION 5. Emergency clause.